

Linda M. Gobler
President



Good Morning Mr. Chairman and members of the committee. My name is Linda Gobler and I am president and CEO of the Michigan Grocers Association. We represent 1,000 retailers, wholesalers and suppliers, all actively engaged in the retail food business.

Michigan retailers who use scanners may see some relief from the stringent requirements of the state's item pricing act if a new bill finally makes its way through the House Consumers Committee.

Or so we thought when we wrote this article in December of 1985!

Michigan lawmakers passed the Item Pricing Law in 1976, as a way of protecting consumers from the "new scanning technology" of the seventies. The law requires retailers to individually price mark virtually every item in a retail store and pay a penalty to consumers for any overcharges they might experience. Because the technology was new, scanner error rates could run as high as 20%. As the years progressed, so did the technology.

The Federal Trade Commission conducted an accuracy study in 1996 and found 71% of stores to be in compliance. A second study was conducted in 1998 and scanner accuracy had increased to 98% or better. **In fact, food stores were found to have the "most acceptable pricing accuracy."** If you consider that your "typical grocery store" carries between 15,000 to 25,000 items, the accuracy in pricing is even more impressive. Yet as accuracy rates continue to increase, the requirement to individually price mark has not changed in almost 30 years.

The bill before you, HB 4636, is an attempt to make current law more reflective of today's technologically advanced world.

As stated by the Food Marketing Institute, "The primary goal of computer scanning, to reduce operating costs and increase operating efficiencies, are not effectively met if item pricing is required because the increased savings cannot be passed on to consumers."

In the highly competitive world of food retailers, who operate on a 1 percent profit margin, anything that can be done to maintain a strong customer base is considered. To suggest that retailers will entertain fraudulent business practices if they are given any pricing latitude is ridiculous and the kiss of death for any business.

We urge you to support the bill before this committee and also consider increased exemptions for Michigan food retailers. Our industry generates \$13.5 billion dollars in annual sales and provides jobs for more than 75,000 Michigan residents. We look to you to continue to reduce the cost of doing business in Michigan and to provide relief from this onerous law as a first step in the right direction.